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The Treasury Note

A monthly newsletter of municipal finance
December 1, 2000

Recent State Bond Sales

If you are interested in purchasing the bonds mentioned below, please contact your broker.

State Public Works Board

The State sold a total of \$51,445,000 in lease revenue bonds for the State Public Works Board on November 15 at a true interest cost of 5.005 percent.

The bonds were sold in a negotiated sale by a team of underwriters led by Dain Rauscher, Inc. Co-managers included Banc of America Securities, LLC; eBondTrade; E.J. DeLaRosa & Co. Inc.; Estrada Hinojosa & Company, Inc.; Fleet Securities, Inc.; Lehman Brothers; Redwood Securities Group, Inc.; Samuel A. Ramirez & Company, Inc.; and Sutter Securities Incorporated. Arter & Hadden served as lead bond counsel with the Law Office of Pamela S. Jue as co-bond counsel and Mallory & Associates as disclosure counsel. Leifer Capital provided pricing advisor services.

The sale included \$11,805,000 in bonds for the California Highway Patrol to acquire offices in the East Los Angeles area and the San Geronio Pass area; \$27,480,000 for the Department of Justice to rebuild forensic laboratories in the cities of Riverside and Ripon; and, \$12,160,000 for the Department of General Services to acquire a six-level parking garage in Sacramento.

The bonds were rated A+ by Fitch, Aa3 by Moody's Investors Service, and AA- by Standard & Poor's.

General Obligation Bonds

As of publication, the State was scheduled to sell \$750 million in general obligation bonds on November 29. Due to the publication schedule for *The Treasury Note*, information for this sale was not available at the time of printing. If you would like more information about this bond sale, please call the *Investor Relations Section* at (800) 900-3873.

Veterans Bonds

The Treasury Note is proud to present the second in a continuing series of articles that will familiarize our readers with the types of bonds the State of California issues. Our first article, presented in the September issue of *The Treasury Note*, focused on General Obligation bonds.

Our second article focuses on bonds sold for the State Department of Veterans Affairs. The purpose of these bonds is to provide low interest, long-term home and farm loans to California veterans. The Department operates two programs to meet this purpose: general obligation (GO) and home purchase revenue. Both programs are supported by loan repayments from the veterans. However, the GO program is additionally backed by the full faith and credit of the State.

Since inception in 1921, these programs have assisted over 410,500 California veterans to purchase farms and homes throughout the State through long term mortgages. In 1997-98, the Department implemented a debt restructuring program that resulted in lower loan interest rates to veterans and a revitalization of the lending programs.

Currently, the GO and revenue programs are rated double-A and double-A minus, respectively, by the three major rating agencies: Fitch, Moody's Investors Service, and Standard and Poor's. As of October 1, the GO and revenue programs have approximate outstanding debt balances of \$2.4 billion and \$548 million, respectively.

On December 6, the State will sell two bond issues for the Department of Veterans Affairs: \$97 million in revenue bonds and \$210 million in GO bonds. If you are interested in purchasing these bonds, please contact your broker as soon as possible. If you would like to know the firms appointed to either of these sales, visit our website at www.treasurer.ca.gov/Appointments-Bonds.htm or call the *Investor Relations Section* at (800) 900-3873.

Listing of Redemptions

There are no redemptions for January 1, 2001 announced as of December 1, 2000.

Questions regarding redemption information can be directed to (800) 900-3873.

Bond Measure Results

The following are results of the statewide bond measures that appeared on the November 7 ballot.

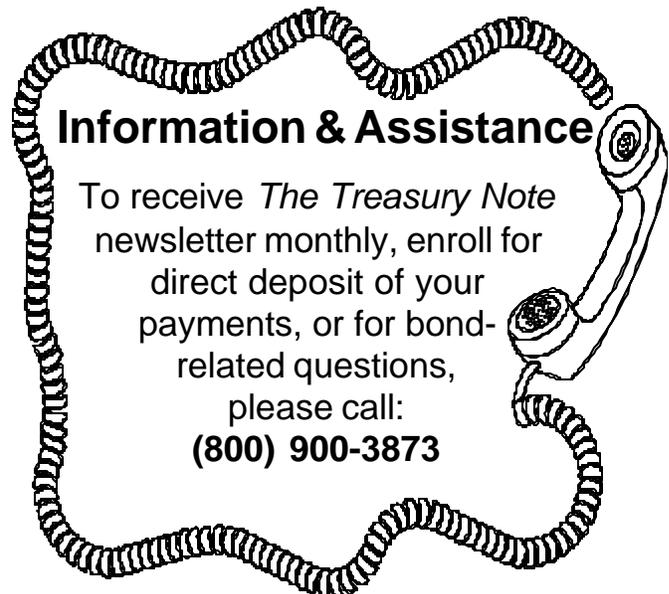
Yes No **Proposition 32 - Veterans' Bond Act of 2000**
 This measure authorizes the state to sell \$500 million in general obligation bonds for the Cal-Vet program. These bonds would provide sufficient funds for at least 2,500 additional veterans to receive loans.

Yes No **Proposition 39 - School Facilities. 55% Local Vote. Bonds, Taxes. Accountability Requirements.**
 This proposition (1) changes the State Constitution to lower the voting requirement for passage of local school bonds to 55% and (2) changes existing statutory law, requiring school districts to provide charter school facilities sufficient to accommodate the charter school's students.

Frequently Asked Questions?

Q: Will I receive a 1099-B notice from your office for the 2000 tax year? If so, when should I expect to receive it?

A: If you received a redemption payment from the State Treasurer's Office in 2000 you will receive a 1099-B notice. If you have received taxable interest payments from our office in 2000, you will receive a Form 1099-INT. Our office will mail out both of these forms on or before January 31, 2001. Please call the *Bondholder Services Section* at (800) 900-3873 if you have questions regarding the 1099-B notice or Form 1099-INT.



Bond Sales Calendar*

If you are interested in purchasing any of these bonds, please contact your broker two weeks before the sale date. For updated information, check our website (www.treasurer.ca.gov) or call (800) 900-3873.

BOND SALES	AMOUNT	SALE DATE
Department of Veterans Affairs, Home Purchase Revenue Bonds	\$97 million	12/06/00
Department of Veterans Affairs, General Obligation Bonds	\$210 million	12/06/00

*Subject to change without notice.
